Is a Global New Deal possible?

Manuel Riesco - Sonia Draibe

www.cendachile.cl
Dreaming with BRICs

Good old ideas

Financial markets have been at a loss during 60 of the past 90 years.

On the average since 1900, the price of shares increased by a yearly 0.4 per cent a year in London, and 1.7 percent in Wall Street. Treasury bills averaged 1 per cent a year in both markets.

Global financial markets have been at a loss since the beginning of the 21st century.

In March 2009 they were 60 per cent below March 2000. Since then they rebounded to 50 per cent below.

Developed countries (green) still determine global markets (orange).

Secular emergent bubble

"Superperformance of emergent markets from 2002 to 2007 seems to have been a speculative boom pushed by the optimism of the developed world"


Globalisation?

After a peak of 29 per cent of GDP in 1929, Chilean exports fell to an average 14 per cent of GDP in the following four decades.

The export value of 1929 was not equalled until 1964, adjusted for inflation.

In 2007 exports had peaked again at 47 per cent of GDP.

During the first half of 2009 export value fell 40 per cent....

A bit unfair, sometimes

The share of income for top 1 per cent of US families peaked in 24 per cent on the eve of the two Great Crisis.

Top one per cent of the top one per cent peaked in 6 per cent.

It diminished considerably during the Golden Age.

Lyon's share

From 1980 to the eve of the crisis, the share of the financial sector in US corporate profits increased from 12 per cent to 42 per cent.

By the end of 2008 it had been reduced to 27 per cent.

Modern States...

Conformed modern markets in 19-century Europe, increasingly protected and regulated them ever since, and expanded into the EU.

Created its very fundamentals in the underdeveloped world of the 20-century.

Represent the key aspect of 21-century development for the half of the world that remains peasant.
Global New Deal: Statement 1

Enhance democratic welfare States in the developed world

Build strong developmental welfare States in the rest of the world, as democratic as possible

Build democratic welfare States and regional integration in the emerging world
Global New Deal...

Other Statements Forthcoming...

Thank you!